

IDEA Discretionary Grants: Indirect Costs

Beginning in fiscal year 2011-2012, if the fiscal agent intends to claim indirect costs on IDEA discretionary grants, the total amount budgeted for indirect costs are limited to and cannot exceed the negotiated indirect rate established with DPI. An agency must have a negotiated indirect rate with DPI in order to budget for and claim indirect costs on IDEA discretionary grants.

Indirect costs cannot be charged against sub-grants or capital objects. Indirect costs can only be charged against the first \$25,000 of a contract. [OMB Circular A-87] [WDPI Indirect Cost Plan]

Indirect costs are considered costs that cannot be directly linked back to project activities. One guiding question for a budget item is, "Is this a shared cost among several programs?" If the answer is "yes," then it is an indirect cost and must be covered by the indirect rate.

Direct costs may include the following: *

- ✓ Rent/space occupancy (These costs must be proportionate to the program, and documentation may be requested to justify them)
- ✓ Workman's compensation and liability insurance
- ✓ Phone, copying, printing, shipping, postage (If tracked by program)
- ✓ Single audit costs
- ✓ Clerical, bookkeeping (Time and effort reporting is required for staff working on multiple cost objectives)

*Any of these costs that are also used to compute the agency's indirect rate must be subtracted on the indirect rate computation worksheet (i.e. the costs cannot be counted as both direct and indirect for the purposes of determining an indirect rate)

Indirect costs may include the following:

- ✓ Administrative activities (Supervision)
- ✓ IT services and networking costs
- ✓ Central office or business office costs

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